



# United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, D.C. 20240

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## Memorandum

To: Chairman, Council on Environmental Quality

From: J. Steven Griles  
Deputy Secretary *[Signature]*

Subject: Department of the Interior Comments on 66 FR 43586

The Department of the Interior is pleased to submit comments on CEQ's Energy Task Force activities, as requested in your August 20, 2001, *Federal Register* notice. Interior's comments fall into three categories:

- specific projects or processes where the Energy Task Force could provide assistance, and thus enhance energy development in the United States;
- recommendations for CEQ consideration to expedite the NEPA process; and
- interagency activities needing Energy Task Force attention.

Specific projects: We are pleased to provide you with a list of energy-related projects that will provide our country with additional sources of energy. Because Interior has so many energy-related projects and processes, these are included in Attachment 1 and categorized by the Interior bureau with prime responsibility.

Although Interior is working diligently to ensure that projects are completed in a timely manner, we have several suggestions on how to generally streamline the process for these and other projects:

- Close communication among all affected agencies is critical to the timely completion of any project. We suggest that a framework for an early and consistent process be developed so that all affected agencies can participate in the preparation of project documents, clearances and permits. This framework should maximize agency interactions and the exchange of information to eliminate any significant issues early in the process and prevent false starts.
- The challenge for many of the energy-related projects is the resolution of conflicts and issues among federal agencies and other stakeholders. We suggest the development and use of a dispute resolution process for a more efficient and supported resolution of areas of significant concern.

- Of critical importance is the ability for projects to remain on schedule. Establishing guidelines on the time required for various clearances such as endangered species and cultural resources will reduce delays associated with attaining the appropriate clearances.
- An important part in streamlining the process is to eliminate obsolete or conflicting provisions and policies. We suggest that the Energy Task Force review and recommend appropriate changes to regulations and Executive Orders.
- Another area of concern is development of energy-related resources on land under the jurisdiction of other federal land management agencies such as the Department of Defense and the U.S. Forest Service. The Energy Task Force can look at developing a mechanism to ensure that timely and consistent decisions are made where there are multiple jurisdictions.

An additional dimension of this discussion is the categories of projects that the Energy Task Force states it will address. Interior believes that energy resource extraction, perhaps specifically coal extraction and petroleum and natural gas production, needs to be added as a functional category for the Energy Task Force. The issues related to petroleum and natural gas production and coal extraction may be sufficiently different to warrant separate functional categories. The resource production aspects of energy are not currently addressed in the functional categories listed in the *Federal Register* notice. Because the United States possesses one-fourth of the world's coal resources and electricity generated from coal represents over one-half of domestic production, these issues are of great importance to both near-term and long-term domestic energy supply.

In addition, we recommend that advanced energy technology and clean coal technology also be added. We believe that these additions would be in furtherance of the goal of "maintaining environmental protections."

The NEPA Process: Interior suggests some relatively simple CEQ initiatives that could improve the NEPA review and approval process. We urge CEQ to recommend that all federal agencies publish electronically all NEPA documents for which they are requesting review and comment. Also, cutting the minimum review time for Draft EIS's from 45 days (40 CFR 1506.10(c)) to 30 days for documents published electronically can expedite the process.

Finally, we respectfully note that CEQ often does not act on changes to agency NEPA procedures submitted for review in a timely manner. To remedy this situation, we suggest that CEQ consider providing automatic approval of changes to agency NEPA procedures if no comments have been issued by CEQ within the 30 days prescribed in 40 CFR 1507.3(a). Previous experience has been that most submissions to CEQ under this provision have taken longer than 30 days. Since agency procedures have been in place for many years, updates are often minor and should be approved fairly quickly. If this change is not acceptable to CEQ, consider establishing categories of changes and

prioritize them. These categories can range from a major overhaul of agency procedures to a minor revision of one categorical exclusion.

Interagency activities: In addition to the specific proposals mentioned above, there are several activities and processes for which Interior has particular expertise that crosscut among various federal agencies. Interior believes these items need close coordination and attention by the Energy Task Force. I raised these earlier in my August 22 memo to you:

- Streamlining the multi-agency permitting process for Outer Continental Shelf activities, involving Interior, EPA, the Coast Guard, DOT's Office of Pipeline Safety, the Army Corps of Engineers, and the Department of Commerce;
- Consistency determinations under the Coastal Zone Management Act, involving Commerce, Interior and other interested agencies;
- Endangered Species Act Section 7 consultations, involving EPA and those agencies with projects under consideration, such as DOT and DOE; and
- Consistent standards and approaches to water discharge permits among EPA's regions.

I hope that Interior's comments prove useful to you in this endeavor, and we remain enthusiastic about contributing to the Task Force's success. Please feel free to contact me at (202) 208-6291.

Attachment

## **MINERALS MANAGEMENT SERVICE**

**Project: Minerals Management Service to expedite the creation of “one-stop-permitting” on the web for an applicant of an Outer Continental Shelf (OCS) oil and gas exploration or development project**

Entity proposing the project: MMS

Category: Offshore Oil and Gas Project Permitting

Description: Presently, an applicant for an OCS exploration or development project must coordinate and obtain permits from a number of federal and state entities. Communication among the various bureaus often lacks efficiency and timeliness. MMS management of this process for the entire OCS would greatly streamline permitting of OCS activities, which translates into more timely and increased oil and gas resource development from the OCS.

The project entails expedited development of a web-based permit site where an oil and gas operator could describe and request permission of a project on the OCS from all the affected entities at one time, consistently and with full disclosure to all. By embracing the 21<sup>st</sup> century and striving to go paperless, MMS can alleviate unnecessary burdens on applicants for OCS projects.

Agencies that must be consulted: OMB must concur and agree to fund. Also, the Environmental Protection Agency (EPA), U.S. Fish and Wildlife Service (FWS), U.S. Army Corps of Engineers (COE), state & local agencies, National Marine Fisheries Service (NMFS)

**Process: Issuance of geological and geophysical permits**

Entity proposing the process: Minerals Management Service

Category: Mineral extraction and production

Description: MMS issues permits for geological and geophysical (G&G) exploration for oil, gas, and sulphur on the OCS. MMS acquires G&G data and information to ensure fair market value is achieved for bids on leases issued to industry for mineral extraction and production, and for other uses. Interagency issues include the January 2001 NOAA coastal zone consistency regulations (Office of Ocean and Coastal Resource Management (OCRM)/NOAA and states) and the impact of seismic (geophysical) surveys on marine mammals and other animals (NMFS)/NOAA).

When MMS receives an application for a geological or geophysical permit, the applicant may need to also submit to a state(s) a certification statement that the proposed activities are consistent with the state's coastal zone management program. This may also involve OCRM. This process may delay issuance of the MMS permit.

Also, when MMS receives an application for a geophysical permit involving seismic surveys, the applicant may need to acquire from NMFS authorization for a small take of marine mammals. This process may also delay issuance of the MMS permit.

It is suggested that these processes can be streamlined by better coordinating responsibilities among agencies to minimize the time to issue a G&G permit.

Agencies that must be consulted:

- Federal: OCRM and NMFS
- State: Texas, Louisiana, Mississippi, Alabama, Florida, Alaska, and California

**Process: Air Quality Permitting Authority for the Eastern Planning Area of the Gulf of Mexico**

Entity proposing the process: MMS

Category: Oil and Gas Offshore Platforms

Brief Description: Presently MMS has Air Quality permitting jurisdiction in the Central and Western Planning areas of the Gulf of Mexico OCS. EPA, through the Clean Air Act Amendments of 1990, maintains permitting jurisdiction for OCS areas outside the Central and Western Gulf of Mexico. This has resulted in an unequal treatment of industry operating across these areas. As an example, EPA Region 4 in the Eastern Planning Area requires that offshore exceedances (8-hour for ozone) that occur beyond state boundaries will also have to be reduced. This attempt to extend the definition of ambient air quality into federal waters could result in demands for emission reductions on OCS facilities that are minor contributors to the problem.

Agencies that must be consulted: EPA

**Process: Water Quality Permitting Process for the Gulf of Mexico OCS**

Entity proposing the process: MMS

Category: Oil and Gas Offshore Platforms

Brief Description: EPA has Water Quality permitting jurisdiction in the Gulf of Mexico Region--Western Central and Eastern Planning areas of OCS. Administration of the permitting process is divided between Regions 4 and 6 of EPA. Synthetic based drilling fluids (SBF) are vital for drilling for oil and gas in waters greater than 100 meters. Region 6 allows for the discharge of SBF cuttings into the marine environment, while Region 4 prohibits their discharge

Agencies that must be consulted: EPA

**Process: Marine Protected Areas; protect marine natural and cultural resources**

Entity proposing the process: Mandated by Executive Order 13158 issued May 26, 2000

Category: Marine environment including the Great Lakes

Brief Description: E.O. 13158 mandates the Department of Commerce and the Department of Interior to establish a national system of Marine Protected Areas and to further enhance such a system through expansion of protections for existing MPAs and recommendations for establishment of new MPAs. MMS is a member of the ongoing Commerce/Interior team working on this.

Agencies that must be consulted: DOD; DOS; USAID; DOT; EPA; NSF; other pertinent agencies.

**Project: Endymion Oil Pipeline**

Entity proposing the project: Endymion Oil Pipeline Company, LLC (a subsidiary of Mardi Gras Transportation System Inc.)

Category: Pipeline

Brief Description: This project includes the installation of a 30-inch, 54-mile long oil pipeline and associated pumping facilities that will originate in the OCS offshore Louisiana and will terminate at the Louisiana Offshore Oil Port storage facilities in Clovelly, LA. This pipeline will handle up to 250,000 BOPD from Gulf of Mexico deepwater production facilities.

Agency that must be consulted or who must approve: State of Louisiana, Corps of Engineers, Department of Transportation Office of Pipeline Safety, and MMS as lead agency.

**Project: Bulk Oil Offshore Transfer System (BOOTS)**

Entity proposing the project: BOOTS, L.L.C. (a wholly owned subsidiary of Unocal Pipeline Company)

Category: Pipeline

Brief Description: The project will include the installation of an oil vessel offloading/pumping facility located approximately 70 miles offshore Texas. This facility will be connected by a 48-inch pipeline that will be able to transport 1.25 MMBPD to shore facilities in Nederland, TX.

Agency that must be consulted or who must approve: Multi agency with the Department of Transportation (Coast Guard) as the lead agency.

**Project: Calypso Natural Gas Pipeline**

Entity proposing the project: Calypso Pipeline, LLC (Enron company)

Category: Pipeline

Brief Description: This project consists of a 24-inch, 96-mile long gas pipeline that will originate from LNG and regasification facilities in Freeport, Grand Bahama. The pipeline, 42 miles of which will be over US lands, will provide natural gas to meet the expected Florida demands for electric power. It will have a shore landing in Port Everglades, FL and will connect to an existing onshore pipeline in Broward County. The capacity of the pipeline will be 832 MMCFD of natural gas.

Agency that must be consulted or who must approve: Multi agency with the Federal Energy Regulatory Commission (lead agency) and MMS as lead on offshore part of the project, the State of Florida, Corps of Engineers, EPA, and others.

**Process: Streamlining the Multi-agency Permitting Process**

Entity proposing the process: Department of the Interior (DOI)/Minerals Management Service

Category: Offshore Pipelines

Brief Description: DOI/MMS and the Department of Transportation Office of Pipeline Safety (OPS) have dual jurisdiction over OCS pipelines and associated facilities. In order not to duplicate agency effort, MMS and OPS have split up the jurisdiction over these pipelines. However, MMS under its OCS Lands Act authority has to grant permit approval for all pipeline facilities in the OCS regardless of jurisdiction.

MMS pipeline right-of-way permits have stipulations regarding pipeline condition and inspection. MMS inspections are offshore at OCS facilities 365 days per year and MMS engineers are located close to OCS facilities. For example, offshore Pacific – DOT OPS is located in Denver, CO, and MMS is located Camarillo, CA. When there is a pipeline failure or repair, state and local agencies (California State Lands Commission, California Coastal Commission, County of Santa Barbara) contact MMS regarding pipeline issues, not DOT OPS.

Agency that must be consulted: Department of Transportation Office of Pipeline Safety

**Project: Liberty Oil Development**

Entity proposing the project: British Petroleum

Category: Oil field development

Brief Description: Liberty is a proposed oil development project located in federal waters offshore of the Alaskan Beaufort Sea. This proposed prospect is expected to contain up to 120

million barrels of recoverable oil if developed. An EIS is in the final stages of development by the MMS.

Agency that must be consulted or who must approve:

- Federal: MMS has the preliminary final environmental impact statement written and is currently under review by state and federal agencies. We expect to file the Final EIS with EPA in early February. After receiving concurrence from the state on coastal zone consistency, MMS will also need to approve the Oil Spill Contingency Plan, the Development and Production Plan, and issue a pipeline right-of-way. EPA will need to issue permits under the Clean Water Act and the Clean Air Act. The COE will need to issue permits Section 404 of the Clean Water Act and under Section 10 of the Rivers and Harbor Act.
- State: The Alaska Division of Governmental Coordination (ADGC) coordinates the review of the development plan for consistency with the Alaska Coastal Management Program (ACMP) and provides the final consistency response. The state has up to 6 months to review the plan and the consistency certification. If the state finds the plan is not consistent with the enforceable policies of the ACMP, the development project cannot proceed without a successful and lengthy appeal process. The ACMP, as approved by NOAA, incorporates the Air, Land and Water Quality regulations of the Alaska Department of Environmental Conservation (ADEC).

MMS is concerned that the seasonal drilling issue that ADEC has placed on the Northstar project will also be applied to the Liberty project. It is also possible that the potential for this situation will discourage BP from moving ahead with the project in a timely manner.

By working with the State of Alaska, the seasonal drilling restriction could be amended or eliminated. The company will still be monitored for safe drilling procedures. The risk of oil spills based on Alaska experience is very low. Removing the restriction could result in increased production (20 to 40 thousand barrels per day) over the next 2 or 3 years from this development.

**Project: McCovey Exploration Well**

Entity proposing the project: Phillips Alaska, Chevron, & Alberta Energy

Category: Oil exploration well

Brief Description: The McCovey prospect is located in the State of Alaska and federal waters in the Beaufort Sea. There is a joint federal/state exploration unit for the prospect.

Agency that must be consulted or who must approve:

- Federal--MMS: The operators are hoping to submit an exploration plan in the fall of 2001. MMS has 30 days to review and make a decision on the exploration plan. MMS will need to prepare an environmental assessment and FONSI prior to an approval.
- State--The Alaska Division of Governmental Coordination coordinates the review of the exploration plan for consistency with the Alaska Coastal Management Program and provides the final consistency response. The state has up to 6 months to review the plan and the consistency certification. If the state finds the plan is not consistent with the enforceable policies of the ACMP, the project cannot proceed without a successful and lengthy appeal process. The ACMP, as approved by NOAA, incorporates the Air, Land and Water Quality regulations of the Alaska Department of Environmental Conservation.

ADEC has restricted (through the Coastal Zone Management (CZM) process) the drilling periods for exploration wells because there are no effective mechanical means of cleaning up oil spills in broken ice. State of Alaska law requires mechanical cleanup. ADEC has recently taken this viewpoint and will not acknowledge the extremely small risk of having an oil spill, effectively seeking zero risk. Their main concern has been over a potential very large blowout, which has not happened in the U.S. under present regulations and drilling practices (over the last several decades). The drilling safety record on the North Slope and the U.S. Offshore has been extremely good. Other methods are available for spill cleanup, including in-situ burning.

In addition, ADEC is now requiring that another rig be available in the event of a blowout on the primary rig. This requirement is to ensure that a relief well can be drilled during the same drilling season. The same season relief well capability further limits the effective drilling period. The seasonal drilling restrictions and the same season relief well capability significantly weaken the economics of this and all other similar projects.

By working with the State of Alaska, the seasonal drilling restriction could be amended or eliminated. The company will still be monitored for safe drilling procedures. The risk of oil spills based on Alaska experience is very low. Removing the restriction will allow exploration of a very interesting offshore prospect.

**Project: Northstar Oil Development**

Entity proposing the project: British Petroleum (BP)/Murphy Oil

Category: Oil field development

Brief Description: Northstar is an offshore man-made oil development project located in Alaska State waters. A portion of the reservoir lies in federal waters so it is a joint state/federal unit. The island and pipeline to the Trans Alaska Pipeline System have been built and the company is in the process of installing the production facilities at this time. The project is expected to produce 167 million barrels of oil over a life of 15 years. Initial production is scheduled for mid October 2001.

Agency that must be consulted or who must approve: Alaska State Department of Environmental Conservation. ADEC has restricted (through their oil spill contingency plan authority) the drilling periods for development wells on the project because there are no effective mechanical means of cleaning up oil spills in broken ice. State of Alaska law requires mechanical cleanup. ADEC has just recently (within the last year) taken this viewpoint and will not acknowledge the extremely small risk of having an oil spill, effectively seeking zero risk. Their main concern is a potential very large blowout, which has not happened in the US under present regulations and drilling practices (over the last several decades). The drilling safety record on the North Slope and the U.S. Offshore has been extremely good. Other methods are available for spill cleanup, including in-situ burning. At this point, BP (operator) has only 3 production wells out of the initial 16 drilled and completed and has to await freeze-up to drill additional wells. Given the current restrictions, it could take 2 to 3 years to drill the remaining 13 production wells. This means that initial production rates over the first few years of production will be much lower than they could be without the seasonal drilling restrictions.

By working with the State of Alaska, the seasonal drilling restriction could be amended or eliminated. The company will still be monitored for safe drilling procedures. The risk of oil spills based on Alaska experience is very low. Removing the restriction could result in increased production (20 to 40 thousand barrels per day) over the next 2 or 3 years from this development.

**Bureau of Land Management  
Energy-Related Projects**

PROJECT	STATE	CATEGORY	DESCRIPTION	APPLICANT	CONSULTATION	ISSUE
NE NPR-A Lease Sale	AK	Oil and Gas Lease Sale and Development	Offering of lease tracts within the NE NPR-A area that received no bids or were not leased in the first lease sale.	BLM initiated	State of Alaska, North Slope Borough, BLM	First lease sale by 2004
Trans-Alaska Pipeline Renewal	AK	Oil Pipeline	Environmental Impact Statement (EIS) on the renewal of the Trans- Alaska Pipeline right-of-way (ROW).		State of Alaska, BLM	Right-of-way expires January 2004
Kern River 2003 Pipeline Expansion	CA	Gas Pipeline	Proposal to loop an existing pipeline constructed in 1992. The loop would begin in Opal WY and traverse through Utah and NV and terminate near Mojave, CA. On completion the expansion would be able to transport 840 million cubic feet of natural gas per day.	Kern River Gas Transmission Company	FERC, BLM, FS, CA, probably CA SLC	
Sonoran Pipeline	CA	Gas Pipeline	Proposed 1,010-mile high-pressure interstate natural gas pipeline that will run from the San Juan Basin in northern NM through Arizona to markets in CA. Pipeline will consist of sections of 24-inch, 36-inch, and 42- inch pipeline, delivering an estimated 750 million cubic feet of natural gas per day. The proposed in-service date is the summer of 2003.	Kinder Morgan Energy Partners, L.P., and Calpine Corporation	FERC, BLM, FS, CA, probably CA SLC, Tribal - one or two groups in NM and AZ	

# Bureau of Land Management Energy-Related Projects

PROJECT	STATE	CATEGORY	DESCRIPTION	APPLICANT	CONSULTATION	ISSUE
Southern Ute Indian Tribe EIS	CO	Oil and Gas, CBM Development	In fulfillment of Interior's Indian trust responsibilities, San Juan Field Office initiated in 1995, writing of an EIS to address oil and gas operations reservation wide as well as the increase in well density for development of CBM. Current planning coverage for oil and gas development on the reservation is based on a 1990 BIA EA. The Tribe has been an active cooperating agency and the EIS is nearing the preliminary draft stage.	BP and other oil and gas companies	BLM, BIA, FWS, Colorado Oil and Gas Conservation Commission, La Plata County Commissioners and San Juan Citizens Alliance	The major impacts addressed in the EIS are the depletion of groundwater through CBM production and Fruitland Coal outcrop effects such as methane seepage, H2S generation and coal fires. A meeting with the FWS has been held to discuss the potential groundwater depletion issues related to the endangered fishes and informal consultation will continue. The San Juan Citizens Alliance has filed suit against the Interior for lack of adequate NEPA documentation.  The Tribal council has indicated that the large socioeconomic benefits the tribe will receive from infill drilling outweigh the impacts being seen at the Fruitland Coal outcrop on the reservation, particularly since they occur in isolated rural portions of the reservation.
Webster to Wheeler Geographic Area Proposal EA	CO	Oil and Gas Development	Glenwood Springs Field Office is preparing a large EA for a multi-year oil and gas development project called the Webster to Wheeler Geographic Area Proposal (GAP). The proposal covers approximately 158 Federal wells.	Barrett Resources (Williams Energy Company)	BLM, CO Oil and Gas Conservation Commission and Department of Wildlife, Garfield County Commissioners. Citizens: Grand Valley Citizens Alliance.	Citizen participation in review of any plans in this area for oil and gas development is extremely high. Local sentiment is generally against additional development because of rural resident/gas well location issues such as noise, visual impacts, smell and road maintenance issues.

**Bureau of Land Management  
Energy-Related Projects**

PROJECT	STATE	CATEGORY	DESCRIPTION	APPLICANT	CONSULTATION	ISSUE
Reliant Energy Gas Fired Electric Power Plant and Ancillary Facilities	NV	Electricity Generation and Transmission (Fiber Optics)	ROW (including fiber optic cables) will be for 230 kV electric transmission lines and other actions ancillary for two gas fired power plants located on private land at Primm, NV. The gas will come from the Kern River pipeline operated by Williams. One is a peaking plant of about 380 megawatts and the other is a base load plant that will operate year around generating a planned 500 megawatts. Both would require 230 kV transmission lines of which most would be a reconstruction of an existing transmission line (approximately 18 miles) - total length of transmission lines is about 32 miles long, with about three miles of new construction.	Reliant Energy		<p>The applicant wants to be able to construct the peaking plant by April 2002 with the BLM authorization by December 2001 and the base load generation plant proposed for construction in 2003.</p> <p>Water use, potential for impacts to air (both non-jurisdictional to BLM), and desert tortoise. BLM met with the Clark County Airport Authority and determined the project would not interfere with the proposed Ivanpugh Airport except for two small segments of transmission line that would be rerouted around areas where the route encroached onto the legislated airport land.</p>
Reliant Energy	NV	Electricity Transmission	ROW will be analyzed for 500 kV electric transmission lines about two miles long with 1.5 miles located in a corridor, and possible other actions ancillary (including two miles of gas line hooking into the Kern River pipeline) to one gas fired power plant located on private land in the Apex commercial area northeast of Las Vegas, NV. This power plant would generate 550 megawatts. The project has a starting of construction project for 2002.	Reliant Energy		<p>Water use, potential for impacts to air (both non-jurisdictional to BLM), corridors, i.e., starting new corridors. Governor Guinn does not want to proceed with deregulation until there is assurance of adequate protection to rate payers. The Sierra Club is supportive of renewable energy sources and natural gas fired, air cooled power plant although concerned with any water uses by industry.</p>

**Bureau of Land Management  
Energy-Related Projects**

PROJECT	STATE	CATEGORY	DESCRIPTION	APPLICANT	CONSULTATION	ISSUE
Wind Array and Ancillary Facilities	NV	Electricity Generation and Transmission	A ROW for a wind array and ancillary actions on Table Mountain located between Primm, Jean, Good Springs, and Sandy Valley, NV is being processed. Ancillary facilities include roads, transmission lines, and possibly an electric substation. It is anticipated that between 150 and 180 megawatts will be generated by approximately 150 turbines that will probably be 150 feet tall with rotors covering a radius of 80 feet.	M&N Wind Power		M&N Wind Power is lobbying Congress to extend legislation that provides for "green energy" incentives.  Migrating birds, bats, bighorn sheep, a wild horse and burro management area, visual resources, and a very narrow county road that passes through the proposed ROW area which is 4,500 to 10,000 acres.
Atlantic Rim CBM Project EIS	WY	CBM Development	Proposal is to develop 3,880 CBM wells and associated facilities on 310,000+ acres of federal, state, and private lands in Carbon County, WY. Includes interim (exploration) drilling activities.	PEDCO	BLM, FWS, and State of Wyoming	
Powder River Oil and Gas EIS	WY	Oil and Gas, CBM Development	This EIS will analyze the potential impacts associated with up to 50,000 CBM and conventional oil and gas wells are expected to be drilled in the WY portion of the Powder River Basin during the next ten years.	BLM initiated, Various oil and gas operators	BLM, FS, FWS, and the State of Wyoming.	